

Recommendations for Revisions to the Uniform Per Student Funding Formula

**Submitted by the State Education Office
to the Mayor and Council of the District of Columbia**

November 15, 2004

A. The Basis for SEO Recommendations

The State Education Office Establishment Act of 2000 (Public Law 13-176; DC Official Code §38-2601 *et. seq.*) requires the State Education Office to make recommendations to the Mayor and the Council of the District of Columbia for periodic revisions to the Uniform Per Student Funding Formula (UPSFF). In preparation for making recommendations regarding funding formula revisions, the State Education Office identified and examined four issue areas that had been suggested by education policymakers, officials and informed observers with responsibility for, or an interest in, equitable and adequate funding for public education in the District of Columbia.

The four issues included:

- The practice of funding the District of Columbia Public Schools (DCPS) based on prior year enrollment;
- Questions related to funding the costs of establishing and operating specialty schools;
- The need to clarify certain summer school funding practices and definitions; and
- Questions related to the calculation of the charter schools facilities allowance.

B. Process

The analysis performed by the SEO as a basis for its recommendations consisted of three components:

- Briefing papers were prepared for each issue area that contained data supported descriptions of current practice and the problems to be addressed;
- Review and analysis was conducted of recent studies related to the issue areas, as well as how similar issues have been handled in other jurisdictions; and
- Two meetings of the Technical Working Group for the UPSFF were held—one in August and one in September of 2004—to gather feedback on the issues presented.

C. Issues Presented

The issues discussed and the resolutions proposed for each issue are briefly presented below.

- 1. Funding DCPS based on prior year enrollment.** Concerns regarding this practice included the lack of uniformity in the treatment of DCPS and public

charter schools; the additional cost to the D.C. Government; and the appearance that, because DCPS and Charter school payouts were based on counts from two different school years, some students were being counted twice while others were not being counted at all (commonly referred to as double counting). The Technical Working Group discussion viewed the practice as holding DCPS harmless for one year while adjustments are made by DCPS to scale down in response to the effects of declining enrollment.

The practice of temporarily holding school districts harmless from the fiscal effects of shrinking enrollment is practiced by several states. As will be noted from the recommendations, the SEO is not recommending a change in this practice while DCPS continues to experience declining enrollment.

- 2. Funding for specialty schools.** Concerns related to this issue included the absence of a clear definition of what constitutes a specialty school; the need to identify an appropriate mechanism for establishing and operating specialty schools; and the need for uniformity in the treatment of DCPS and public charter schools. In the recommendations, the SEO proposes to conduct a feasibility study on the use of a citywide competitive grant mechanism for funding specialty schools.
- 3. Summer school funding practices and definitions.** Concerns regarding this issue included questions about the uniformity of current practice for summer school payments to DCPS and public charter schools; the adequacy of the current definition of the number of weeks and hours needed to qualify for the full summer school weight; the advisability of the special education service level add-on weights when calculating the summer school allotment for special education students whose IEP's specify summer school or extended school year enrollment; and the necessary provisions to ensure that eligible students transferring between DCPS and charter schools have access to summer programs sponsored by their receiving school. The SEO is recommending changes in the Uniform Per Student Funding Formula regarding the way summer special education students are funded as well as changes in the definition of summer programs and hours. The SEO is also recommending that the Technical Working Group continue to explore ways that will allow transferring students to attend summer school sponsored by their receiving school.
- 4. Calculation of charter school facilities allowance.** Concerns regarding this issue included the question of uniformity in the allowable uses of facilities funds; circumstances that have allowed some charter schools to use public dollars to finance long term private debts without the city having the right to retain the facility should the school lose its charter; and certain other funding and spending practices that occur under the current definition of the facilities allowance. In the recommendations below, the SEO proposes further study of the issue, resulting in a possible future recommendation for a revision to the UPSFF.

D. SEO Recommendations for Revisions to the UPSFF

Based on the analysis of the issues and feedback from the Technical Working Group, the State Education Office submits to the Mayor and the Council of the District of Columbia the following recommendations for revisions to the Uniform Per Student Funding Formula.

The SEO is recommending that two changes be made to the UPSFF that would require amendments to the DC Official Code.

Recommendation 1

DC Code § 38-2905 (e), 2001 edition, should be amended to read as follows:

“The summer school weighting of 0.17 shall apply to DCPS and public charter school students enrolled for at least six weeks, or its equivalent, in a program providing at least 4 hours of instruction per day, 5 days per week, during the summer following the regular school year. Summer school students enrolled for a lesser number of weeks or fewer hours of instruction per day shall be funded on a pro-rata basis. The summer school weighting shall be limited to programs that offer at least 60 or more hours of instruction.”

Rationale: Current provisions specify only the number of weeks to which the summer school weighting is applied, but it does not provide a standard number of hours, allowing room for variation. There is no provision in the UPSFF governing the number of hours in the summer school day. The DCPS Summer School 2004 Program Handbook specifies 4 hours per day of instructional time, and the suggested amendment would make this a uniform requirement for funding across all public schools.

Fiscal Impact: Implementation of this recommendation would not increase the cost of providing summer school services. The change, however, could potentially reduce the cost of funding summer school, because it would adjust funding more closely to the amount of the actual services provided.

Recommendation 2

DC Official Code § 38-2905 (e), 2001 edition, should be amended to add subsections (i) and (ii) to allow the insertion of the following language in the existing code:

“ (i) Funding for special education students enrolled in summer school whose IEPs require extended school year (ESY) or summer school services shall be calculated using the add-on weights corresponding to their special education service levels as defined in the D.C. Code §38-2905(e).

(ii) Special education add-on weights for summer school shall apply only to summer programs that deliver the specialized services required by the IEPs of their enrolled special education students.”

Rationale: Currently special education summer school students do not receive add-on weights that correspond to their levels, potentially violating the IDEA. This recommendation will support needs of special education students during the summer, and will target funding to schools providing mandated IEP services.

Fiscal Impact: In 2004, the number of special education students enrolled in summer school whose IEPs required extended year services were reported as 1760 for DCPS. The corresponding number of students for charter schools, according to the DC Public Charter School Board data, was 335. Combined, it would cost the city approximately 5 million to fund the special education add-on weights for these students during the summer, based on the summer 2004 enrollment numbers, if all of these students were receiving the full spectrum of services required by their IEPs. The following table is based on reported data for special education students who received summer services in 2004.

Service Level	Add-On Weight	Add-On Summer Funding Amount	Number of Special Education Students Reported—Summer 2004	Total
1	0.55	\$646	178	\$114,988
2	0.85	\$998	432	\$431,136
3	1.5	\$1761	402	\$707,922
4	2.7	\$3169	1083	\$3,432,027
TOTAL				\$4,686,073

E. Recommendation to Conduct a Study on Summer School Program

The SEO strongly encourages the city to fund a comprehensive study on summer school programs and participation during FY 05 or FY 06.

Rationale: Currently, very little information exists regarding the number of students attending, the types of programs provided, and the way funds are spent. There is a concern that there might be duplications in funding and services for summer programs.

Fiscal Impact: The estimated cost for this study would be approximately \$350,000.

F. Recommendation to Continue the Current Practice

The SEO recommends that the city continue to fund DCPS based on the prior year enrollment count.

Rationale: Mid year budget changes impose burdensome challenges on schools systems

(i.e., mid-year adjustments to long term contracts, etc.). DCPS audited enrollment figures are not made available until February of the school year. Although DCPS enrollment is declining, special education enrollment is increasing, which tends to balance any overage. DCPS also has to admit any students who come to DCPS after the count date; funding based on current year count would not cover these students. It is common practice in other states to fund schools based on prior year counts. Given the difference between the two systems and the current payment structure, perfect uniformity would be difficult to achieve.

Fiscal Impact: The fiscal impact of maintaining this practice is approximately \$20 million. This is only 2% percent of the total funding within the system. Given fluctuating student enrollment and rationales mentioned above, the SEO finds this to be an acceptable error rate.

G. Areas Requiring Further SEO Study

It is clear that some of the concerns raised by the analysis of the issues can be addressed through changes in management practices related to the formula. Other questions require further study. The following recommendations presented below do not require any changes in the UPSFF at this time.

1. Specialty Schools

It is recommended that the State Education Office conduct a study that explores the feasibility of using a citywide competitive grant mechanism, with eligibility open to both the District of Columbia Public Schools and public charter schools, to fund the start-up costs of newly established specialty schools, as well as certain operating costs that exceed the average per pupil costs for the grade levels and special needs of the students served. Financing for the competitive grants might come from a fund that would consist of both state-level appropriated dollars and from private contributions from corporate, as well as philanthropic sources.

2. Charter School Facilities Allowance

It is recommended that a study be conducted to examine the practice related to the facilities allotment, including facility acquisition.

3. Summer School Funding

It is recommended that the SEO, in consultation with the Technical Working Group, continue to explore ways that students transferring from a DCPS school to a public charter school, or vice versa, for the fall semester, can participate in a summer school program conducted by the receiving school and be counted for payment at that school under the UPSFF.

4. **Funding DCPS on the Basis of Prior Year Student Enrollment Count**

It is recommended that the SEO analyze “hold harmless” policies in other jurisdictions. While the SEO is recommending that the current practice of funding DCPS based on the prior year count remain in place (see recommendation F), a future study will consider issues such as ways that would allow DCPS and charter schools to more accurately project for future financial planning. Given the fact that the total pool of resources is not increasing at a rate fast enough to cover hold harmless policies and the increase in charter school enrollment, considerations should be given to the practical consequences of such practice.